



## **Loewen and Associates**

***Commodity Consulting/Brokerage***

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### **Morning Ag Markets**

Grain futures finished mixed yesterday as all livestock futures finished higher expect the nearby May contract for hogs. With the cash trade and index still some 3 dollars back and cutout values in the tank again, I would expect to see continued pressure on that nearby hog contract. Although summer months should still be supported with reports that US hog production could be as much as 7% lower than a year ago.

Feeders continue to climb as do prices at the sale barn for feeders, calves and pairs. I was just recently sitting at a local sale barn and somewhat in awe still on the prices paid for just about anything out there. What shocked me the most was the aggressive buying. It appeared that condition had little to do with it, buyers wanted just about anything. I initially was in the market for some more pairs but ultimately passed on a few lots that brought \$2,400-\$2,900 with small spring calves on the side.

Positive news was announced by Mexico as they have removed the last remaining age related import restrictions on US beef that had been in place since the discovery of BSE in 2003. It will still be weeks, possibly the end of June, until the older beef begins to move into Mexico.

There was some light cash feedlot trade at \$145 live yesterday in Kansas, but it appears there is still a \$4 spread between bids and offers for additional volume.

Cattle slaughter from Tuesday estimated at 119,000 head, down 1,000 from a week ago and down 5,000 from a year ago.

Choice Cutout\_\_227.88 -1.02

Select Cutout\_\_\_213.56 -1.89

Feeder Index:\_\_\_181.10 +.27

#### **IMPORTANT—PLEASE NOTE**

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Hog slaughter from Tuesday estimated at 417,000 head, up 2,000 from last week and from a year ago.

Lean Index. \_\_113.98 -.23

Pork carcass cutout \_\_112.29 -3.73

IA-S.MN direct average cash \_\_113.72 +.41

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Moving onto the grains...

Corn finished higher supported by our planting pace still behind the 5 year average. Wheat was also higher as conditions continue to deteriorate and relief looks spotty at best in the short term forecasts. Soybeans finished lower yesterday. Unwinding of bull spreads forcing nearby lower than new crop futures seems to be the markets favorite trade right now as the talk continues about beans moving from Brazil into the US and Mexico. I have heard that Gavilon is shopping beans for delivery into both and I have also heard that up to 4 cargoes per month are slated for delivery into the US June through August.

Overnight grains pulled back with corn down 1 to 4, May soybeans down 11 ½, July down 5 and November down ½ penny. KC Wheat down 8 to 11, Chicago 2 to 6 lower.

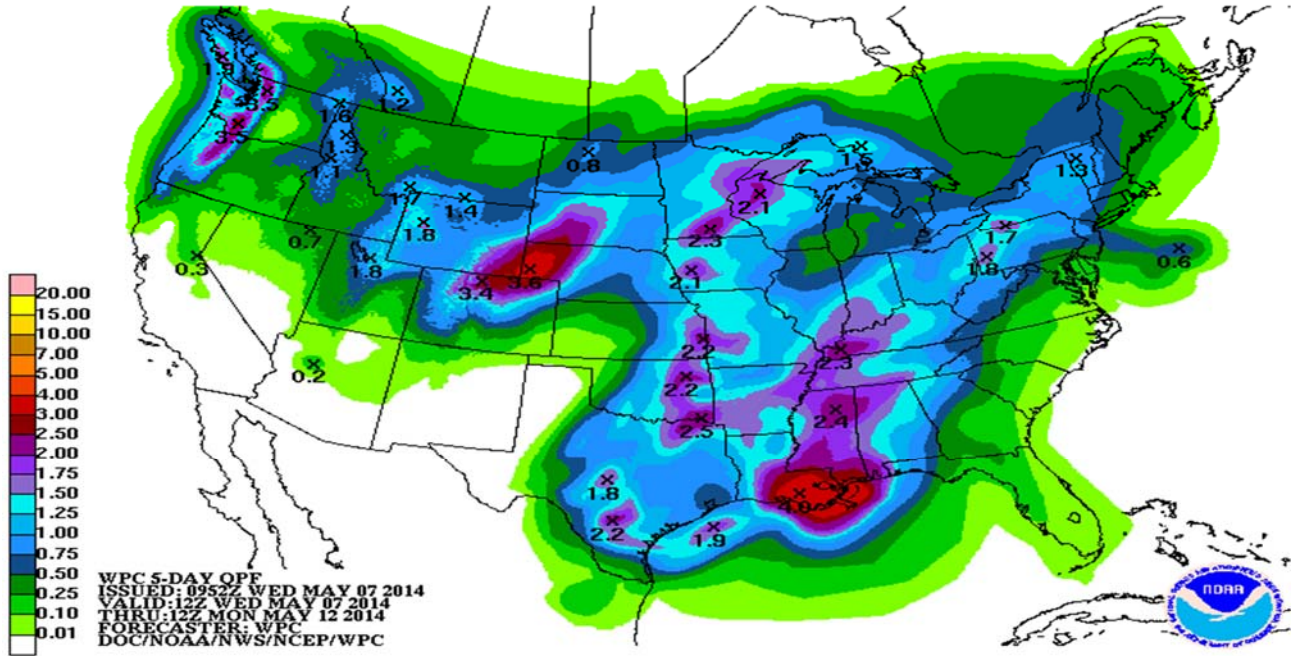
Today's trade could be a little lethargic and profit taking type trade. Thursday we will get an official update from Brazil's government on corn and soybean production estimates. Friday morning will be the USDA May crop report. Ending stocks for this current crop year will be watched very close and this will be the first official supply and demand estimate for new crop. Early estimates have been rolling in and most are looking for ending stocks for this current crop year to decrease in corn, wheat and soybeans yet again. New crop ending stocks for all but wheat are expected higher though.

This week's forecast is still holding onto to a chance for storms locally and East but south and west could be missed yet again. The 6-10 day maps have temps cooling off and precipitation at normal to above East and below normal for the West.

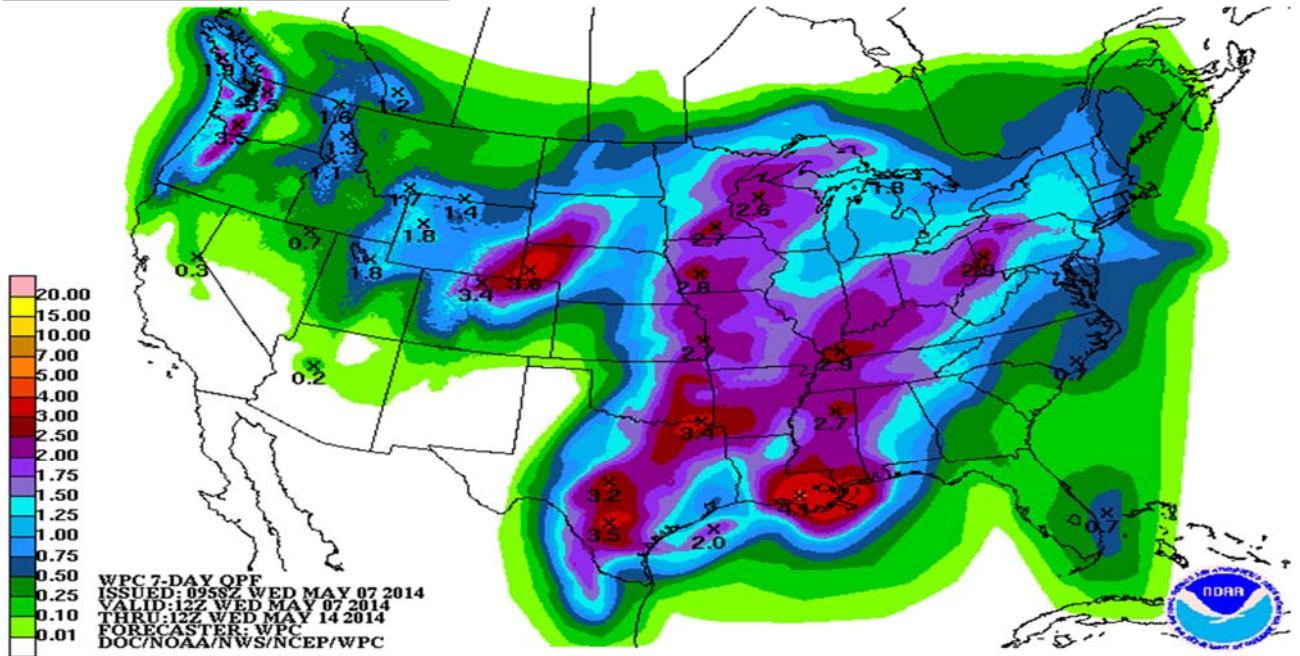
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## 5-Day precipitation forecast



## 7-Day precipitation forecast



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